

## CONFERENCE COMMITTEE REPORT DIGEST FOR ESB 72

**Citations Affected:** IC 4-8.1-2-4; IC 5-10-10; IC 5-10.2; IC 5-13-10.5-3.

**Synopsis:** State officers; public employee benefits. Authorizes a special death benefit for a chaplain who: (1) is appointed or officially designated to serve a state law enforcement agency, a sheriff's department, a volunteer fire department, or a full-time police or fire department of a political subdivision; and (2) dies in the line of duty. Allows, after December 31, 2008, a member of the public employees' retirement fund (PERF) who: (1) is vested; (2) separates from employment; and (3) does not perform service in a covered position for at least 90 days; to elect to withdraw the entire amount in the member's annuity savings account. Provides that, unless the member has transferred the creditable service earned in PERF to another governmental retirement plan, a PERF member who elects to withdraw the entire amount in the member's annuity savings account is entitled to receive, when the member becomes eligible to receive a retirement benefit, a benefit equal to the pension provided by employer contributions. Provides that an individual elected treasurer of state takes office January 1 following the individual's election. Provides that the individual elected treasurer of state at the 2006 election vests as a member of PERF if the individual is reelected as treasurer of state at the 2010 election and serves in office until January 1, 2015. Establishes 65 years of age with at least eight years of creditable service as the normal retirement age for a state officer to whom Article 6, Section 1 of the Constitution of the State of Indiana applies. Removes the July 1, 2007, expiration date of a provision that authorizes the treasurer of state to make investments in certain securities that have a maturity of more than two years and not more than five years. Legalizes any such investments made after June 30, 2007. Requires a member of the teachers' retirement fund or the PERF who retires with service in more than one retirement fund to choose when the member applies for retirement benefits which fund to retire from. (Current law requires a member with service in more than one retirement fund to retire from the last fund in which the member rendered service.) **(This conference committee report: (1) removes language that requires a member of the teachers' retirement fund (TRF) or the public employees' retirement fund (PERF) who retires with service in more than one retirement fund to retire from the fund in which the member rendered the greatest number of years of service; (2) adds language that allows a member of TRF or PERF who retires with service in more than one retirement fund to choose when the member applies for retirement benefits which fund to retire from; and (3)**

**makes technical corrections to resolve a conflict between SB 72 and SB 215.)** (The introduced version of this bill was prepared by the pension management oversight commission.)

**Effective:** Upon passage; July 1, 2008.

## CONFERENCE COMMITTEE REPORT

**MADAM PRESIDENT:**

*Your Conference Committee appointed to confer with a like committee from the House upon Engrossed House Amendments to Engrossed Senate Bill No. 72 respectfully reports that said two committees have conferred and agreed as follows to wit:*

that the Senate recede from its dissent from all House amendments and that the Senate now concur in all House amendments to the bill and that the bill be further amended as follows:

- 1 Delete everything after the enacting clause and insert the following:
- 2 SECTION 1. IC 4-8.1-2-4 IS AMENDED TO READ AS
- 3 FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 4. **(a) The individual**
- 4 **elected as treasurer of state shall take office on January 1 following**
- 5 **the individual's election.**
- 6 **(b)** The treasurer of state and ~~his~~ **the treasurer's** deputy treasurers
- 7 shall each give bond in an amount determined by the auditor of state
- 8 and the governor. The bond shall be conditioned on the faithful
- 9 performance of the duties as treasurer of state and deputy treasurer,
- 10 respectively. The bond must be procured from a surety company
- 11 authorized by law to transact business in this state.
- 12 SECTION 2. IC 5-10-10-4, AS AMENDED BY P.L.2-2007,
- 13 SECTION 84, AS AMENDED BY P.L.132-2007, SECTION 4, AND
- 14 AS AMENDED BY P.L.227-2007, SECTION 56, IS CORRECTED
- 15 AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1,
- 16 2008]: Sec. 4. As used in this chapter, "public safety officer" means any
- 17 of the following:
- 18 (1) A state police officer.
- 19 (2) A county sheriff.
- 20 (3) A county police officer.
- 21 (4) A correctional officer.

- (5) An excise police officer.
- (6) A county police reserve officer.
- (7) A city police reserve officer.
- (8) A conservation enforcement officer.
- (9) A town marshal.
- (10) A deputy town marshal.
- (11) A probation officer.
- (12) A state ~~university, college, or junior college~~ educational institution police officer appointed under ~~IC 20-12-3.5~~ IC 21-39-4.
- (13) A police officer whose employer purchases coverage under section 4.5 of this chapter.
- (14) An emergency medical services provider (as defined in IC 16-41-10-1) who is:
  - (A) employed by a political subdivision (as defined in IC 36-1-2-13); and
  - (B) not eligible for a special death benefit under IC 36-8-6-20, IC 36-8-7-26, IC 36-8-7.5-22, or IC 36-8-8-20.
- (15) A firefighter who is employed by the fire department of a state university.
- (16) A firefighter whose employer purchases coverage under section 4.5 of this chapter.
- (17) A member of a consolidated law enforcement department established under IC 36-3-1-5.1.
- (18) A gaming agent of the Indiana gaming commission.
- (19) A person who is:
  - (A) employed by a political subdivision (as defined in IC 36-1-2-13); and
  - (B) appointed as a special deputy under IC 36-8-10-10.6.
- (20) *A gaming control officer of the Indiana gaming commission.*
- (21) An eligible chaplain who meets the requirements of section 4.7 of this chapter.**

SECTION 3. IC 5-10-10-4.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: **Sec. 4.7. (a) As used in this section, "eligible chaplain" means an individual who is appointed or officially designated to serve, with or without compensation, as a chaplain of any of the following:**

- (1) A law enforcement agency (as defined in IC 4-33-2-11.6).**
- (2) A full-time police department of a political subdivision (as defined in IC 36-1-2-13).**
- (3) A full-time fire department of a political subdivision (as defined in IC 36-1-2-13).**
- (4) A volunteer fire department (as defined in IC 36-8-12-2).**
- (5) A sheriff's department of a county.**
- (b) An eligible chaplain who dies as a direct result of personal injury or illness resulting from the eligible chaplain's performance of duties as a chaplain for the agency or department that the eligible chaplain was appointed or officially designated to serve is eligible for a special death benefit from the fund in the same manner as any other public safety officer is eligible for a benefit**

1 **from the fund.**

2 SECTION 4. IC 5-10.2-1-8, AS AMENDED BY P.L.88-2005,  
3 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
4 JULY 1, 2008]: Sec. 8. (a) Except as provided in subsection (b),  
5 "vested status" as used in this article means the status of having ten  
6 (10) years of creditable service.

7 (b) In the case of a person who is an elected county official whose  
8 governing body has provided for the county official's participation in  
9 the public employees' retirement fund under IC 5-10.3-7-2(1), "vested  
10 status" means the status of having:

11 (1) at least eight (8) years of creditable service as an elected  
12 county official in an office described in IC 5-10.2-4-1.7;

13 (2) been elected at least two (2) times if the person would have  
14 had at least eight (8) years of creditable service as an elected  
15 county official in an office described in IC 5-10.2-4-1.7 had the  
16 person's term of office not been shortened under a statute enacted  
17 under Article 6, Section 2(b) of the Constitution of the State of  
18 Indiana; or

19 (3) at least ten (10) years of creditable service as a member of the  
20 fund based on a combination of service as an elected county  
21 official and as a full-time employee in a covered position.

22 (c) In the case of a person whose term of office commences after the  
23 election on November 5, 2002, as auditor of state, secretary of state, or  
24 treasurer of state, and who is prohibited by Article 6, Section 1 of the  
25 Constitution of the State of Indiana from serving in that office for more  
26 than eight (8) years during any period of twelve (12) years, that person  
27 shall be vested with at least eight (8) years of creditable service as a  
28 member of the fund.

29 **(d) This subsection applies to an individual elected to the office**  
30 **of treasurer of state at the election on November 7, 2006. The**  
31 **individual is vested for purposes of this article if the individual is**  
32 **reelected as treasurer of state at the 2010 general election and**  
33 **serves in the office until January 1, 2015.**

34 SECTION 5. IC 5-10.2-2-8 IS AMENDED TO READ AS  
35 FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 8. (a) For a member  
36 who retires **after June 30, 2008**, with service in more than one (1)  
37 retirement fund, ~~the last retirement fund in which the member rendered~~  
38 **service may choose at the time the member files an application for**  
39 **retirement benefits whether to retire from the Indiana state**  
40 **teachers' retirement fund or from the public employees' retirement**  
41 **fund. The fund that the member chooses** shall pay the retirement  
42 benefits to the member. The pension shall be computed and vested  
43 status shall be determined on the basis of combined creditable service.  
44 The annuity, if any, shall be computed on the basis of amounts credited  
45 to the member in annuity savings accounts in all funds **minus any**  
46 **amount withdrawn by the member under IC 5-10.2-3-6.5.** The  
47 funds in which the employee was a member shall pay to the fund  
48 responsible for payment of benefits:

49 (1) the amount credited to ~~him~~ **the member** in the annuity savings  
50 account; and

51 (2) the proportionate actuarial cost of ~~his~~ **the member's** pension.

(b) A member of the Indiana state teachers' retirement fund who has served as a member of the general assembly and who retires after June 30, 1980, may choose at ~~his~~ **the member's** retirement date whether to retire from the Indiana state teachers' retirement fund or from the public employees' retirement fund. If ~~he~~ **the member** chooses to retire from the public employees' retirement fund, that fund is responsible for the payment of benefits provided in IC 5-10.2-4, and the Indiana state teachers' retirement fund shall pay to the public employees' retirement fund:

(1) the amount credited to that member in the annuity savings account in the Indiana state teachers' retirement fund; and

(2) the proportionate actuarial cost of ~~his~~ **the member's** pension.

SECTION 6. IC 5-10.2-3-1.2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 1.2. (a) A member who has earned at least ten (10) years of service in a position covered by PERF, TRF, or a combination of the two (2) funds may purchase one (1) year of service credit for each five (5) years of service that the member has completed in a position covered by PERF or TRF.

(b) Before a member retires, a member who desires to purchase additional service credit under subsection (a) must contribute to the fund as follows:

(1) Contributions that are equal to the product of the following:

(A) The member's salary at the time the member actually makes a contribution for the service credit.

(B) A rate, determined by the actuary for the fund, that is based on the age of the member at the time the member actually makes a contribution for the service credit and computed to result in a contribution amount that approximates the actuarial present value of the benefit attributable to the service credit purchased.

(C) The number of years of service credit the member intends to purchase.

(2) Contributions for any accrued interest, at a rate determined by the actuary for the fund, for the period from the member's initial membership in the fund to the date payment is made by the member.

(c) The following apply to the purchase of service credit under this section:

(1) The board may allow a member to make periodic payments of the contributions required for the purchase of service credit. The board shall determine the length of the period during which the payments must be made.

(2) The board may deny an application for the purchase of service credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.

(3) A member may not claim the service credit for the purpose of computing benefits unless the member has made all payments required for the purchase of the service credit.

(4) To the extent permitted by the Internal Revenue Code and applicable regulations, a member may purchase service credit under this section by a rollover distribution to the fund from any

of the following:

(A) A qualified plan described in Section 401(a) or Section 403(a) of the Internal Revenue Code.

(B) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(C) An eligible plan that is maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or political subdivision of a state under Section 457(b) of the Internal Revenue Code.

(D) An individual retirement account or annuity described in Section 408(a) or Section 408(b) of the Internal Revenue Code.

(d) A member who terminates employment before satisfying the eligibility requirements necessary to receive a monthly benefit may withdraw the purchase amount, plus accumulated interest, after submitting a properly completed application for a refund to the fund. However, the member must also apply for a refund of the member's entire annuity savings account under section 6 **or** 6.5 of this chapter to be eligible for a refund of the member's rollover amount.

(e) For a member who is a state employee, the employer may pay all or a part of the member contributions required for the purchase of service credit under this section. In that event, the actuary shall determine the amortization, and subsections (c)(1), (c)(3), (c)(4), and (d) do not apply.

(f) For a member who is an employee of a participating political subdivision, the employer may adopt an ordinance to pay all or a part of the member contributions required for the purchase of service credit under this section. In that event, the actuary shall determine the amortization, and subsections (c)(1), (c)(3), (c)(4), and (d) do not apply.

SECTION 7. IC 5-10.2-3-6.2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 6.2. **(a) This section applies to a member of the Indiana state teachers' retirement fund.**

**(b)** A member who:

(1) has attained vested status in the fund;

(2) has terminated employment;

(3) has not begun receiving benefits; and

(4) is transferring creditable service earned under ~~PERF~~ **or** TRF to another governmental retirement plan under section 1(i) of this chapter;

may suspend the member's membership and withdraw the member's annuity savings account to purchase creditable service in the other governmental retirement plan.

SECTION 8. IC 5-10.2-3-6.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 6.5. **(a) This section applies after December 31, 2008, to a member of the public employees' retirement fund.**

**(b) A member who meets all of the following requirements may elect to withdraw the entire amount in the member's annuity savings account before the member is eligible to do so at retirement**

under IC 5-10.2-4-2:

(1) The member has attained vested status in the fund.

(2) The member terminates employment.

(3) The member has not performed any service in a position covered by the fund for at least ninety (90) days after the date the member terminates employment.

(c) A member who elects to withdraw the entire amount in the member's annuity savings account under subsection (b) shall provide notice of the election on a form provided by the board.

(d) The election to withdraw the entire amount in the member's annuity savings account is irrevocable.

(e) The board shall pay the amount in the member's annuity savings account as a lump sum.

(f) Except as provided in subsection (g), a member who makes a withdrawal under this section is entitled to receive, when the member becomes eligible to receive a retirement benefit under IC 5-10.2-4, a retirement benefit equal to the pension provided by employer contributions computed under IC 5-10.2-4.

(g) A member who:

(1) transfers creditable service earned under the fund to another governmental retirement plan under section 1(i) of this chapter; and

(2) withdraws the member's annuity savings account under this section to purchase the service;

may not use the transferred service in the computation of a retirement benefit payable under subsection (f).

SECTION 9. IC 5-10.2-4-1.3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 1.3. (a) A member who files an application for retirement benefits must provide the following information on the application form:

(1) The retirement date chosen by the member.

(2) If the member has not elected to withdraw the entire amount in the member's annuity savings account under IC 5-10.2-3-6.5, whether the member chooses:

(A) an annuity purchased from the amount credited to the member in the annuity savings account;

(B) a total or partial distribution from the annuity savings account under section 2(b) of this chapter; or

(C) a deferral of the payment of any benefits from the annuity savings account under section 2(c) of this chapter.

(3) The name of the beneficiary or beneficiaries designated by the member with respect to the pension portion of the member's retirement benefit.

(4) The name of the beneficiary or beneficiaries designated by the member with respect to the annuity portion of the member's retirement benefit, unless the member chooses total distribution under section 2 of this chapter.

(b) A member's designation of beneficiaries in the application for retirement benefits supersedes any previous designation of beneficiaries by the member.

(c) A member must indicate the name, address, date of birth, and



1 Social Security number of each designated beneficiary and provide  
2 proof of birth of each designated beneficiary.

3 (d) Each board shall adopt a form for the application for retirement  
4 benefits that meets the requirements of this section.

5 SECTION 10. IC 5-10.2-4-1.9 IS ADDED TO THE INDIANA  
6 CODE AS A NEW SECTION TO READ AS FOLLOWS  
7 [EFFECTIVE JULY 1, 2008]: **Sec. 1.9. (a) This section applies only**  
8 **to a member of the public employees' retirement fund:**

9 (1) who has served as a state officer listed in Article 6, Section  
10 1 of the Constitution of the State of Indiana; and

11 (2) whose term of office as a state officer commenced after the  
12 election held on November 5, 2002.

13 (b) A member is eligible for normal retirement after becoming  
14 sixty-five (65) years of age if the member:

15 (1) has:

16 (A) served as a state officer listed in Article 6, Section 1 of  
17 the Constitution of the State of Indiana for at least eight (8)  
18 years; or

19 (B) been elected at least two (2) times and would have  
20 served at least eight (8) years as a state officer listed in  
21 Article 6, Section 1 of the Constitution of the State of  
22 Indiana had the member's term of office not been  
23 shortened under a statute enacted to establish uniform  
24 dates for beginning the terms of state officers listed in  
25 Article 6, Section 1 of the Constitution of the State of  
26 Indiana; and

27 (2) is prohibited by Article 6, Section 1 of the Constitution of  
28 the State of Indiana from serving in that office for more than  
29 eight (8) years in any period of twelve (12) years.

30 (c) A member who:

31 (1) has served as a state officer listed in Article 6, Section 1 of  
32 the Constitution of the State of Indiana; and

33 (2) does not meet the requirements of subsection (b);

34 is eligible for normal retirement if the member has attained vested  
35 status (as defined in IC 5-10.2-1-8(a)) and meets the requirements  
36 of section 1 of this chapter.

37 SECTION 11. IC 5-10.2-4-2, AS AMENDED BY P.L.62-2005,  
38 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
39 JULY 1, 2008]: **Sec. 2. (a) Unless a member elects otherwise under this**  
40 **section or has elected to withdraw the member's annuity savings**  
41 **account under IC 5-10.2-3-6.5, the retirement benefit for each**  
42 **member consists of the sum of a pension provided by employer**  
43 **contributions plus an annuity provided by the amount credited to the**  
44 **member in the annuity savings account. If a member has elected to**  
45 **withdraw the member's annuity savings account under**  
46 **IC 5-10.2-3-6.5, the member's retirement benefit is equal to the**  
47 **pension provided by employer contributions, unless the member**  
48 **has transferred the creditable service earned under the public**  
49 **employees' retirement fund to another governmental retirement**  
50 **plan under IC 5-10.2-3-1(i).**

51 (b) If a member has not elected to withdraw the entire amount

1 **in the member's annuity savings account under IC 5-10.2-3-6.5**, a  
 2 member may choose at retirement or upon a disability retirement to  
 3 receive a distribution of:

- 4 (1) the entire amount credited to the member in the annuity  
 5 savings account; or
- 6 (2) an amount equal to the member's federal income tax basis in  
 7 the member's annuity savings account balance as it existed on  
 8 December 31, 1986.

9 If the member chooses to receive the distribution under subdivision (1),  
 10 the member is not entitled to an annuity as part of the retirement or  
 11 disability benefit. If the member chooses to receive the distribution  
 12 under subdivision (2), the member is entitled to an annuity purchasable  
 13 by the amount remaining in the member's annuity savings account after  
 14 the payment under subdivision (2).

15 (c) Instead of choosing to receive the benefits described in  
 16 subsection (a) or (b), **if a member has not elected to withdraw the**  
 17 **entire amount in the member's annuity savings account under**  
 18 **IC 5-10.2-3-6.5**, a member may choose upon retirement or upon  
 19 disability retirement to begin receiving a pension provided by employer  
 20 contributions and to defer receiving in any form the member's annuity  
 21 savings account. If a member chooses this option, the member:

- 22 (1) is not entitled to an annuity as part of the member's retirement  
 23 or disability benefit, and the member's annuity savings account  
 24 will continue to be invested according to the member's direction  
 25 under IC 5-10.2-2-3; and
- 26 (2) may later choose, as of the first day of a month, or an alternate  
 27 date established by the rules of each board, to receive a  
 28 distribution of:
  - 29 (A) the entire amount credited to the member in the annuity  
 30 savings account; or
  - 31 (B) an amount equal to the member's federal income tax basis  
 32 in the member's annuity savings account balance as it existed  
 33 on December 31, 1986.

34 If the member chooses to receive the distribution under subdivision  
 35 (2)(A), the member is not entitled to an annuity as part of the member's  
 36 retirement or disability benefit. If the member chooses to receive the  
 37 distribution under subdivision (2)(B), the member is entitled to an  
 38 annuity purchasable by the amount remaining in the member's annuity  
 39 savings account after the payment under subdivision (2)(B). If the  
 40 member does not choose to receive a distribution under this subsection,  
 41 the member is entitled to an annuity purchasable by the entire amount  
 42 in the member's annuity savings account, and the form of the annuity  
 43 shall be as described in subsection (d) unless the member elects an  
 44 option described in section 7(b)(1), 7(b)(2), or 7(b)(4) of this chapter.  
 45 The amount to be paid under this section shall be determined in the  
 46 manner described in IC 5-10.2-2-3, except that it shall be determined  
 47 as of the last day of the quarter preceding the member's actual  
 48 distribution or annuitization date. However, each board may by rule  
 49 provide for an alternate valuation date.

50 (d) Retirement benefits must be distributed in a manner that  
 51 complies with Section 401(a)(9) of the Internal Revenue Code, as

specified in IC 5-10.2-2-1.5.

SECTION 12. IC 5-10.2-4-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 4. (a) The computation of benefits under this section is subject to IC 5-10.2-2-1.5.

(b) For retirement benefits payable on and after July 1, 1975, for a member retired on and after January 1, 1956, the pension (p) is computed as follows:

STEP ONE: Multiply one and one-tenths percent (1.1%) times the average of the annual compensation (aac) and obtain a product.

STEP TWO: To obtain the pension, multiply the STEP ONE product by the total creditable service (scr) completed by the member on ~~his~~ **the member's** retirement date.

Expressed mathematically:

$$p = (.011) \text{ times (aac) times (scr)}$$

(c) Unless the member:

(1) has chosen a lump sum payment under section ~~2~~ **2(b)** of this chapter; ~~or~~

**(2) has elected to withdraw the entire amount in the member's annuity savings account under IC 5-10.2-3-6.5; or**

**(3) elects to defer receiving in any form the member's annuity savings account under section 2(c) of this chapter;**

the annuity is the amount purchasable on the member's retirement date by the amount credited to the member in the annuity savings account. The amount purchasable is based on actuarial tables adopted by the board under IC 5-10.2-2-10 at an interest rate determined by the board.

SECTION 13. IC 5-10.2-4-7, AS AMENDED BY P.L.149-2007, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 7. (a) Benefits provided under this section are subject to IC 5-10.2-2-1.5.

(b) A member who retires is entitled to receive monthly retirement benefits, which are guaranteed for five (5) years or until the member's death, whichever is later. A member may select in writing any of the following nonconflicting options for the payment of the member's retirement benefits instead of the five (5) year guaranteed retirement benefit payments. The amount of the optional payments shall be determined under rules of the board and shall be the actuarial equivalent of the benefit payable under sections 4, 5, and 6 of this chapter. **A member who has elected to withdraw the entire amount in the member's annuity savings account under IC 5-10.2-3-6.5 may not select the cash refund annuity option.**

(1) Joint and Survivor Option.

(A) The member receives a decreased retirement benefit during the member's lifetime, and there is a benefit payable after the member's death to a designated beneficiary during the lifetime of the beneficiary, which benefit equals, at the option of the member, either the full decreased retirement benefit or two-thirds (2/3) or one-half (1/2) of that benefit.

(B) If the member dies before retirement, the designated beneficiary may receive only the amount credited to the member in the annuity savings account unless the designated beneficiary is entitled to survivor benefits under IC 5-10.2-3.

- 1 (C) If the designated beneficiary dies before the member  
 2 retires, the selection is automatically canceled and the member  
 3 may make a new beneficiary election and may elect a different  
 4 form of benefit under this subsection.
- 5 (2) Benefit with No Guarantee. The member receives an increased  
 6 lifetime retirement benefit without the five (5) year guarantee  
 7 specified in this subsection.
- 8 (3) Integration with Social Security. If the member retires before  
 9 the age of eligibility for Social Security benefits, in order to  
 10 provide a level benefit during the member's retirement the  
 11 member receives an increased retirement benefit until the age of  
 12 Social Security eligibility and decreased retirement benefits after  
 13 that age.
- 14 (4) Cash Refund Annuity. The member receives a lifetime annuity  
 15 purchasable by the amount credited to the member in the annuity  
 16 savings account, and the member's designated beneficiary  
 17 receives a refund payment equal to:
- 18 (A) the total amount used in computing the annuity at the  
 19 retirement date; minus
- 20 (B) the total annuity payments paid and due to the member  
 21 before the member's death.
- 22 (c) This subsection does not apply to a member of the Indiana state  
 23 teachers' retirement fund after June 30, 2007. If:
- 24 (1) the designated beneficiary dies while the member is receiving  
 25 benefits; or
- 26 (2) the member is receiving benefits, the member marries, either  
 27 for the first time or following the death of the member's spouse,  
 28 after the member's first benefit payment is made, and the  
 29 member's designated beneficiary is not the member's current  
 30 spouse or the member has not designated a beneficiary;
- 31 the member may elect to change the member's designated beneficiary  
 32 or form of benefit under subsection (b) and to receive an actuarially  
 33 adjusted and recalculated benefit for the remainder of the member's life  
 34 or for the remainder of the member's life and the life of the newly  
 35 designated beneficiary. The member may not elect to change to a five  
 36 (5) year guaranteed form of benefit. If the member's new election is the  
 37 joint and survivor option, the member shall indicate whether the  
 38 designated beneficiary's benefit shall equal, at the option of the  
 39 member, either the member's full recalculated retirement benefit or  
 40 two-thirds ( $\frac{2}{3}$ ) or one-half ( $\frac{1}{2}$ ) of this benefit. The cost of  
 41 recalculating the benefit shall be borne by the member and shall be  
 42 included in the actuarial adjustment.
- 43 (d) Except as provided in subsection (c) or section 7.2 of this  
 44 chapter, a member who files for regular or disability retirement may not  
 45 change:
- 46 (1) the member's retirement option under subsection (b);
- 47 (2) the selection of a lump sum payment under section 2 of this  
 48 chapter; or
- 49 (3) the beneficiary designated on the member's application for  
 50 benefits if the member selects the joint and survivor option under  
 51 subsection (b)(1);

1 after the first day of the month in which benefit payments are scheduled  
 2 to begin. For purposes of this subsection, it is immaterial whether a  
 3 benefit check has been sent, received, or negotiated.

4 (e) A member may direct that the member's retirement benefits be  
 5 paid to a revocable trust that permits the member unrestricted access  
 6 to the amounts held in the revocable trust. The member's direction is  
 7 not an assignment or transfer of benefits under IC 5-10.3-8-10 or  
 8 IC 5-10.4-5-14.

9 SECTION 14. IC 5-13-10.5-3 IS AMENDED TO READ AS  
 10 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) Except as  
 11 provided in subsection (b), investments under this chapter may be  
 12 made only in securities having a stated final maturity of two (2) years  
 13 or less from the date of purchase.

14 (b) The treasurer of state may make investments in securities having  
 15 a final maturity or redemption date that is more than two (2) years and  
 16 not more than five (5) years after the date of purchase or subscription.  
 17 After an investment is made under this subsection, the total  
 18 investments outstanding under this subsection may not exceed  
 19 twenty-five percent (25%) of the total portfolio of funds invested by the  
 20 treasurer of state. However, an investment that complies with this  
 21 subsection when the investment is made remains legal even if a  
 22 subsequent decrease in the total portfolio invested by the treasurer of  
 23 state causes the percentage of investments outstanding under this  
 24 subsection to exceed twenty-five percent (25%). The treasurer of state  
 25 may contract with federally regulated investment advisers and other  
 26 institutional money managers to make investments under this section.  
 27 ~~This subsection expires July 1, 2007.~~

28 (c) Unless prohibited under federal law, the treasurer of state shall  
 29 invest under subsection (b) the funds of the transportation corridor fund  
 30 established by IC 8-4.5-3-7. The treasurer of state may invest other  
 31 funds held by the state in compliance with subsection (b). ~~This~~  
 32 ~~subsection expires July 1, 2007.~~

33 SECTION 15. [EFFECTIVE UPON PASSAGE] **Actions taken**  
 34 **after June 30, 2007, and before the passage of this act that would**  
 35 **have been valid under IC 5-13-10.5-3, as amended by this act, are**  
 36 **legalized and validated.**

37 SECTION 16. **An emergency is declared for this act.**

(Reference is to ESB 72 as printed February 8, 2008.)

**Conference Committee Report**  
**on**  
**Engrossed Senate Bill 72**

**S**igned by:

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Senator Kruse  
Chairperson

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Representative Niezgodski

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Senator Tallian

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Representative Buell

**Senate Conferees**

**House Conferees**